GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4116
ANSWERED ON:14.12.2001
FINANCIAL ASSISTANCE TO PRIVATE PROJECTS BY FI`S
RAMPAL SINGH

Will the Minister of FINANCE be pleased to state:

(a) whether the Government have agreed on providing financial assistance to the private projects by the financial institutions without the Guarantee of the Government;

(b) if so, the details thereof; and (

(c) the amount of loan proposed to be provided by the financial institutions to the private projects?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) to (c) : Financial assistance to private projects is extended by Financial Institutions on meritsbased on detailed appraisal. The financial assistance from FIs is secured by way of first charge on the movable and immovable properties of the borrower viz. land and buildings, plant and machinery etc. In addition, collateral security in the form of personal guarantees of the promoters, guarantees of the group companies, if any, pledge of etc are also obtained. The extent of financial assistance to a particular project depends upon the cost of the project and means of financing as arrived at after detailed appraisal and sharing agreed to amongst the Institutions in case of consortium financing, keeping duly in view prudential norms of exposure to individual borrowers, Groups and industry.